IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications, Inc., et al.,	)	Case No. 97-174
	)	(Jointly Administered)
Debtors.	)	
	)	

DECLARATION OF JOSEPH A. BONDI IN SUPPORT OF MOTION FOR AN ORDER RESTRICTING CERTAIN TRADING IN THE STOCK OF MOBILEMEDIA CORPORATION

Joseph A. Bondi declares as follows:

1. I am the Chairman-Restructuring of MobileMedia Corporation, a Delaware corporation ("MobileMedia") that is the corporate parent of MobileMedia Communications, Inc., a Delaware corporation ("Communications"), and the ultimate corporate parent of the subsidiaries of Communications, each a debtor and debtor-in-possession herein. I submit this declaration in support of the Debtors' Motion for an Order Restricting Certain Trading in the Stock of MobileMedia Corporation (the "Motion").

2. I received a Bachelor of Arts from Cornell University in 1965 and a Juris Doctor from Harvard University in 1968. I began my career as an attorney at Shea & Gould. From 1974-1988 I worked in various capacities at Timex Corporation, including service as a vice president and assistant general counsel. From 1986-1988 I served as a vice president, responsible for business development of Timex. From 1988 until the present I have been employed by Alvarez & Marsal, Inc., where I am currently a Managing Director. During my time with Alvarez & Marsal, I have been involved in the restructuring of several major

corporations, including Phar-Mor, Inc., where I served as Senior Vice President-Chief Administrative Officer, Republic Health Corporation, where I served in the same capacity, and Phillips College, Inc., where I served as Chief Executive Officer and President.

3. I have been the Chairman-Restructuring of MobileMedia since February 10, 1997, and have been involved with the Debtors since December 1996. As Chairman-Restructuring, my duties and responsibilities relate to the operational and strategic direction of the Debtors, and include ensuring that the Debtors develop the proper strategy to compete in the paging industry and have the proper resources to implement that strategy.

4. By the Motion filed concurrently herewith, the Debtors seek an immediate order from this Court that prohibits any sale or transfer of MobileMedia stock by the Restricted Parties (as defined below) until further order of this Court.

5. The Debtors operate the second largest paging company in the United States pursuant to licenses granted by the Federal Communications Commission. On October 15, 1996, the Debtors disclosed to the FCC the results of an internal investigation that concluded that MobileMedia had filed approximately 400 false license applications with the FCC. Following further investigation by the Wireless Telecommunications Bureau of the FCC, on April 8, 1997, the Commission ordered that a hearing be held to inquire into the facts and circumstances surrounding the filing of false information with the Commission and the construction and operation of certain paging facilities without FCC authorization. The FCC also directed that the hearing investigate the possibility that false information was contained in the October 15, 1996 report itself. As to each issue, the Commission sought to determine which MobileMedia officers, directors, or senior managers may have participated in or known of the misconduct.

6. On April 23, 1997, MobileMedia filed an "Emergency Motion for Special Relief and Stay of Proceedings Regarding MobileMedia Corporation" seeking a 10-month stay of the hearings to permit MobileMedia to pursue relief under the Commission's Second Thursday doctrine. This pleading is attached hereto as Exhibit A. The Debtors argued that proceeding with the hearing would inflict irreparable harm on the Debtors and that any plan of reorganization proposed by the Debtors would largely moot the issues that were to be the subject of the hearing under a doctrine known as Second Thursday. It is my understanding that Second Thursday is an exception to the general rule that a licensee may not transfer facilities involved in a hearing concerning its qualifications to be a licensee. Under the Second Thursday doctrine, when a licensee has gone into bankruptcy, the license may be assigned, usually by a trustee in bankruptcy, if individuals charged with misconduct will have no part in the proposed operations and will either derive no benefit from favorable action on the transfer application or will receive only a minor benefit that is outweighed by equitable considerations in favor of innocent creditors.

7. The ALJ denied the requested relief. He held first that a publicly traded corporation could not avail itself of Second Thursday relief. This holding was based on a concern that publicly traded debtors could not demonstrate that suspected wrongdoers did not profit from selling their MobileMedia stock at an increased price that reflected the grant of Second Thursday relief. Second, the ALJ found that the only way for the Debtors to demonstrate that wrongdoers had not benefitted from the transfer of the Debtors' licenses was for the hearings to go forward to identify the wrongdoers.

8. The Debtors, supported by their pre- and post-petition lenders, the Official Committee of Unsecured Creditors (the "Committee") and the Wireless Telecommunications Bureau, appealed the ALJ's denial of the request for a stay to the FCC. On June 6, 1997, the

FCC conditionally granted the Debtors' request for a stay (hereinafter, the "June 6 Order"). The June 6 Order is attached hereto as Exhibit B. The stay granted by the FCC in the June 6 Order is expressly "conditioned on there being no transfers or sales of MobileMedia stock owned by MobileMedia's officers and directors during the pendency of the stay." The June 6 Order also seems to include the Debtors' senior managers in this restriction, stating that, in presenting a bankruptcy plan to the FCC for approval, the Debtors must be able to demonstrate that "current officers, directors and senior managers (the "Restricted Parties") have not benefitted from sale of their stock" between June 6, 1997 and the consummation of a plan of reorganization. The Restricted Parties are David A. Bayer, Clifford A. Bean, John L. Bunce, Mitchell R. Cohen, F. Warren Hellman, Joseph A. Bondi, Ronald R. Grawert, H. Andrew Cross, Steven Gross, Santo J. Pittsman, H. Stephen Burdette, Kevin T. Shea, Patricia A. Gray, Roberta Boykin, Debra P. Hilson, Curtis M. Hughes, Vito Panzella, James Pascucci, and Mark Witsaman.

9. The FCC made clear in the June 6 Order that it will scrutinize MobileMedia's Second Thursday showing with extreme care to ensure full compliance with the Second Thursday doctrine and that failure to make a persuasive showing of compliance will lead to denial of the request and resumption of the hearing. I believe that the Debtors must ensure strict compliance with these conditions and be able to demonstrate as much to the FCC. The stay granted by the FCC is critical to preserving the Debtors' business operations for the benefit of their creditors, equity security holders, and other parties in interest. Moreover, if the Debtors are unable to demonstrate that the June 6 conditions were met and the FCC refused to approve the transfer of licenses pursuant to a plan of reorganization and Second Thursday application, the Debtors would not be able to consummate a plan of reorganization.

10. MobileMedia's business, as is the case with other paging companies, requires that it continually add new customers to grow the revenue base and to replace those that terminate their service or "churn." This is necessary for the business to remain viable. The stay issued by the FCC and the pronouncement that Second Thursday relief may be available to MobileMedia will help the Debtors reassure both existing and prospective customers, particularly large corporations, hospitals and government agencies, that they risk no interruption of service if they select or continue with MobileMedia as their carrier. Absent the stay, fear as to the reliability of their paging service could prompt existing or prospective customers to select another paging provider. Indeed, several of MobileMedia's large customers expressed concern about the risk to their service as a result of the hearing announcement on April 8.

11. Securing the stay was also important to employee morale, and will make it easier for the Debtors to retain existing employees and to hire new employees. Moreover, the sheer time and effort that the Debtors would be required to expend should the FCC hearings go forward would severely damage the Debtors' reorganization efforts.

12. Even more fundamental, however, is the fact that the Debtors cannot transfer their licenses -- i.e., consummate any plan of reorganization other than a liquidation -- without the approval of the FCC. The FCC has made it clear that no license transfer, and therefore no plan of reorganization, will be approved if the Restricted Parties have engaged in and benefitted from interim stock transfers. The relief sought herein is essential to ensuring strict compliance with the conditions to the stay and, ultimately, to transfer of the Debtors' licenses, as set forth in the June 6 Order.

13. Moreover, I believe that in contrast to the irreparable injury that MobileMedia would suffer if it were forced to proceed with the FCC hearings, or if it were rendered unable to confirm any plan of reorganization other than a liquidation, the Restricted Parties will suffer little, if any, harm from the relief sought from this Court. As the FCC noted, MobileMedia stock, which traded as high as $27 a share in late 1995, is delisted with NASDAQ and is now worth less that 50 cents a share. June 6 Order at p. 6. Moreover, as described in a letter from the Debtors' FCC counsel to the FCC dated June 3, 1997 (attached hereto as Exhibit C), many of the Restricted Parties already face conditions that make it extremely difficult, if not impossible, for them to sell their MobileMedia stock. Finally, all of the Restricted Parties are fiduciaries of MobileMedia. Because trading in the stock of MobileMedia for personal gain would cause severe harm to the Debtors, it is unlikely that any of the Restricted Parties would do so even absent an order of this Court.

For all the foregoing reasons, I believe that the relief requested in the Motion is in the best interests of the Debtors and their estates. I declare under penalty of perjury that the foregoing is true and correct.

Dated: June __, 1997

Joseph A. Bondi, Chairman-Restructuring, MobileMedia Corporation

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re: MobileMedia Communications, Inc., et al., Debtors.	Chapter 11 Case No. 97-174 (Jointly Administered)

ORDER RESTRICTING CERTAIN TRADING IN THE STOCK OF MOBILEMEDIA CORPORATION

WHEREAS, MobileMedia Corporation, a Delaware corporation ("MobileMedia"), MobileMedia Communications, Inc., a Delaware corporation ("Communications"), and the subsidiaries of Communications, each a debtor and debtor-in-possession herein (collectively, the "Debtors"), having filed their Motion for an Order Restricting Certain Trading in the Stock of MobileMedia Corporation (the "Motion"), the Declaration of Joseph A. Bondi in support thereof, and a Memorandum of Law in support thereof on June 23, 1997; and sufficient cause appearing therefor;

The Court hereby finds and determines that:

1. Due notice of, and an opportunity to object to, the Motion was provided to parties in interest.

2. In light of the order issued by the Federal Communications Commission on June 6, 1997 (the "June 6 Order") conditionally granting the Debtors a stay of certain pending

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regulatory hearings, granting the relief requested in the Motion is in the best interests of the Debtors and their estates.

3. In light of the provisions of the June 6 Order, trading in the stock of MobileMedia by the current officers, directors, and senior managers (i.e., David A. Bayer, Clifford A. Bean, John L. Bunce, Mitchell R. Cohen, F. Warren Hellman, Joseph A. Bondi, Ronald R. Grawert, H. Andrew Cross, Steven Gross, H. Stephen Burdette, Santo J. Pittsman, Kevin T. Shea, Patricia A. Gray, Roberta Boykin, Debra P. Hilson, Curtis M. Hughes, Vito Panzella, James Pascucci, and Mark Witsaman (collectively, the Restricted Parties")) implicates property of the estate that section 362 of title 11 of the United States Code (the "Bankruptcy Code") is intended to protect.

4. In light of the provisions of the June 6 Order, the Debtors have also established that trading by the Restricted Parties in the stock of MobileMedia Corporation would pose a serious risk to the Debtors' reorganization process.

Based upon the foregoing, it is hereby ordered, adjudged and decreed that:

A. The Motion is granted. ~~in all respects~~ *PJW*

B. Pursuant to sections 362 and 105 of the Bankruptcy Code and until further order of this Court, the Restricted Parties are prohibited from selling or transferring any stock of MobileMedia; provided, however, that if (a) the name of a Restricted Party is removed from the list referred to in Paragraph 18 of the June 6 Order, or (b) a Restricted Party is no longer considered a potential wrongdoer by the FCC, then, upon being advised in writing by the Debtors (upon 10 days' prior notice to the Agent and the Committee) that a specific contemplated sale or other transfer of MobileMedia stock would not prejudice the Debtors in light of the June 6 Order, such Restricted Party shall no longer be subject to the prohibition effected by this Order.

Dated: July 11 1997
Wilmington, Delaware

The Honorable Peter J. Walsh
United States Bankruptcy Judge

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IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications, Inc., <u>et</u> <u>al.</u>,	)	Case No. 97-174 (PJW)
	)	
	)	(Jointly Administered)
Debtors.	)	

APPLICATION FOR ORDER AUTHORIZING EMPLOYMENT, <u>NUNC</u> <u>PRO</u> <u>TUNC</u>, OF <u>THE BLACKSTONE GROUP L.P. AS FINANCIAL ADVISOR BY DEBTORS</u>

MobileMedia Corporation, a Delaware corporation ("MobileMedia"), MobileMedia Communications, Inc., a Delaware corporation ("Communications"), and certain subsidiaries of Communications, each a debtor and debtor-in-possession herein (collectively, the "Debtors"), hereby move that this Court enter an order approving the Debtors' retention of The Blackstone Group L.P. ("Blackstone") as their financial advisor. The facts and circumstances supporting this Motion are set forth in the Declaration of Joseph A. Bondi, Chairman-Restructuring of MobileMedia, and the Declaration of Arthur B. Newman, a Senior Managing Director of Blackstone, each filed concurrently herewith. In further support of this Application, the Debtors allege:

<u>BACKGROUND</u>

1. On January 30, 1997 (the "Petition Date"), the Debtors each filed a voluntary petition under chapter 11 of title

11 of the United States Code (the "Code"), as well as motions or applications seeking certain typical "first day" orders.

2. The Debtors continue in possession of their property and continue to operate and manage their business as debtors-in-possession pursuant to sections 1107(a) and 1108 of the Code.

3. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2).

4. No request has been made for the appointment of a trustee or examiner. An official committee of unsecured creditors (the "Committee") was appointed by the United States Trustee on February 10, 1997.

5. MobileMedia is a public company and is primarily a holding company for 100% of the stock of Communications. Communications is the second largest provider of paging and wireless messaging services in the United States, with approximately 4.5 million paging units in service. Additional general background concerning the Debtors and the events precipitating these chapter 11 filings is set forth in the Affidavit of Santo J. Pittsman filed on the Petition Date.

RELIEF REQUESTED

6. This application is made by the Debtors for an Order, pursuant to Section 328 of the Code and Bankruptcy Rule

2014, authorizing and approving the employment of Blackstone as the Debtors' financial advisor.

7. The Debtors submit that the services of a financial advisor are necessary to enable them to evaluate the complex financial and economic issues they face. Joseph A. Bondi, Chairman-Restructuring of MobileMedia, has executed an engagement letter with Blackstone (the "Engagement Letter") dated as of February 28, 1997 and subject to this Court's approval, which sets out the types of activities that Blackstone has agreed to undertake for the Debtors. A copy of the Engagement Letter is annexed to the attached Declaration of Arthur B. Newman as Exhibit A.

8. Under the terms of the Engagement Letter, Blackstone proposes to:

(a) assist the Debtors in assessing operating and financial strategies;

(b) assist the Debtors and their other professionals in the preparation of a business plan and financial forecast;

(c) provide advisory services as to all financial matters concerning the Debtors' obligations under the Code relative to the prosecution of these chapter 11 cases;

(d) assist the Debtors and their other professionals in formulating and negotiating a plan of reorganization;

(e) advise the Debtors in connection with a possible transaction (a "Transaction") or series or combination of Transactions, involving, directly or indirectly, any transfer for consideration of: (i) the capital stock of MobileMedia (with certain exceptions thereto) or (ii) assets involving more than 35% of the business or assets of the Debtors';

(f) assist the Debtors in identifying potential buyers and investors who may have an interest in pursuing a Transaction with the Debtors;

(g) contact such interested parties as agreed to by the Debtors;

(h) develop, structure and negotiate Transaction proposals;

(i) testify in Bankruptcy Court in support of a Transaction; and

(k) render such other financial advisory and investment banking services as may be agreed upon by Blackstone and the Debtors in connection with the foregoing.

9. During the course of the Debtors' chapter 11 proceedings, Blackstone will continue to provide such services to the Debtors, and such other related services as are necessary and requested in order to assist the Debtors in confirming a plan of reorganization. The Debtors, will, however, monitor the tasks undertaken by the Blackstone and all of the Debtors' professionals to ensure that the Debtors are not billed for duplicative or unnecessary services.

10. Blackstone has been working for the Debtors since January 30, 1997, and has been engaged by the Debtors to be compensated under the terms of the Engagement Letter, to be fixed by the Court upon application therefor pursuant to §§ 330 and 331 of the Code and Bankruptcy Rule 2016. The terms of the compensation are described in detail in the Engagement Letter annexed to the accompanying Declaration of Arthur B. Newman.

11. For the "Financial Advisory Services" (as defined in the Engagement Letter) provided by Blackstone, the Debtors have agreed to compensate Blackstone at the rate of $125,000.00 per month, commencing, nunc pro tunc, on January 30, 1997. The Engagement Letter provides that this amount will be payable

pursuant to the Administrative Order Under 11 U.S.C. §§ 105(a) and 331 Establishing Procedures for Interim Compensation and Reimbursement of Expenses for Professionals entered by this Court on January 30, 1997, except that by this Motion the Debtors seek authority to have Blackstone maintain its time records in half-hour increments. For the Investment Banking Services (as defined in the Engagement Letter) to be provided by Blackstone, Blackstone is to be paid a transaction fee (which would be earned if the stock or a significant portion of the Debtors' assets were to be sold) equal to .6% of the Aggregate Consideration (as defined in the Engagement Letter), less 60% of the total of all fees for Financial Advisory Services previously paid to Blackstone, provided, however, that the net advisory fees for any month shall be no less than $50,000. The Engagement Letter also provides that MobileMedia shall reimburse Blackstone for any and all reasonable out-of-pocket expenses reasonably incurred in connection with the services provided by Blackstone to the Debtors.

12. The Engagement Letter further provides that MobileMedia shall indemnify Blackstone for all liabilities incurred as a result of any services rendered by Blackstone under the Engagement Letter. By its terms, MobileMedia shall not be responsible for any losses resulting primarily from Blackstone's bad faith, willful misconduct or negligence. MobileMedia's indemnity obligations are fully set forth in the Engagement Letter and in the Indemnity Agreement attached thereto.

13. To the best of the Debtors' knowledge, other than as specified in the Engagement Letter, Blackstone has no prior connection with the Debtors, their creditors or any other party in interest or their respective attorneys, except as stated in the attached Declaration of Arthur B. Newman. Blackstone has advised the Debtors that it is a disinterested person as required by 11 U.S.C. § 101(14).

14. Based on the foregoing, Blackstone does not hold or represent any interest adverse to the interest of the Debtors as to the matters upon which Blackstone has been engaged.

15. By this Application, the Debtors also seek this Court's authorization of the retention of Blackstone on a nunc pro tunc basis, making January 30, 1997 the effective date of Blackstone's retention. As made clear in the declarations of Joseph A. Bondi and Arthur B. Newman, Blackstone has been working for the Debtors since the Petition Date.

16. The decision to approve the employment of a professional on a nunc pro tunc basis is well within the discretion of the bankruptcy court. F/S Airlease II, Inc. v. Simon (In re F/S Airlease II, Inc.), 844 F.2d 99, 103 (3d Cir.), cert. denied, 109 S. Ct. 137 (1988); Indian River Homes, Inc. v. Sussex Trust Co. (In re Indian River Homes, Inc.), 108 B.R. 46, 51 (D. Del. 1989) (approval of debtor's employment of attorney and real estate agent nunc pro tunc was not an abuse of discretion), app. dismissed, 909 F.2d 1476 (3d Cir. 1990). The Third Circuit has articulated a two-part test to determine when retroactive approval of the retention of professionals in a

bankruptcy case will be appropriate. In re F/S Airlease II, 844 F.2d at 103; see also In re Arkansas Co., 798 F.2d 645 (3d Cir. 1986).

17. The first part of this test is whether the court would have granted prior approval of the retention. In re Arkansas Co., 798 F.2d at 650. The Debtors believe that this part is easily satisfied under the circumstances. As set forth herein and in the declarations of Joseph A. Bondi and Arthur B. Newman, Blackstone meets all of the requirements for retention under the Bankruptcy Code and the retention of Blackstone is in the best interests of the estates.

18. With regard to the second prong of this test, a court must determine whether the circumstances are of an extraordinary nature warranting retroactive approval. In re Arkansas Co., 798 F.2d at 650; In re F/S Airlease II, Inc., 844 F.2d at 105. In this instance, the Debtors have been forced to deal with several emergency matters in the weeks following the Petition Date, including dealing with numerous utilities -- the lifeblood of a paging company -- threatening cutoff. Moreover, the Debtors' senior management felt that the terms of the Blackstone retention should not be finalized until a new Chief Executive Officer -- who was only recently recruited -- was in place. Finally, counsel for both the Debtors' post-petition lenders and the Committee were given an opportunity to review and comment on the Blackstone agreement. Under these extraordinary circumstances and given that there has not been substantial

delay, the Debtors submit that the second prong of the test for *nunc pro tunc* approval is satisfied.

19. No previous application for the relief sought herein has been made to this or any other court.

20. Notice of this application will be given by mailing, on or before, April 4 1997, a copy of this Motion (with exhibits) and the attached proposed order to (i) the United States Trustee for the District of Delaware (ii) counsel for the agent to the Debtors' pre- and post-petition lenders, (iii) counsel for the Committee, and (iv) those parties that have filed appearances and requested notice pursuant to Bankruptcy Rule 2002.

WHEREFORE, the Debtors respectfully request that the Court (A) enter the Order authorizing (i) the employment of Blackstone *nunc pro tunc* in accordance with the terms and conditions set forth in the Engagement Letter and (ii) the Debtors to compensate and indemnify Blackstone as provided in the Engagement Letter and the Indemnity Agreement attached thereto, all as set forth in the proposed form of Order annexed hereto, and (B) grant such other and further relief as the Court may deem just and proper.

Dated: Wilmington, Delaware
April 4, 1997

MOBILEMEDIA CORPORATION
et al., Debtors and
Debtors-in-Possession

By: [signature]
Joseph A. Bondi
Chairman-Restructuring
MobileMedia Corporation

IN THE UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications, Inc., et al.,	)	Case No. 97-174 (PJW)
	)	
	)	(Jointly Administered)
Debtors.	)	

DECLARATION OF ARTHUR B. NEWMAN, SENIOR MANAGING DIRECTOR OF THE BLACKSTONE GROUP L.P.

STATE OF NEW YORK)
)ss:
COUNTY OF NEW YORK)

Arthur B. Newman declares as follows:

1. I am a Senior Managing Director of The Blackstone Group L.P. ("Blackstone"), which maintains offices at 345 Park Avenue, New York, New York 10154. I submit this Declaration in support of the entry of an order authorizing the retention of Blackstone as financial advisor to MobileMedia Corporation, a Delaware corporation ("MobileMedia"), MobileMedia Communications, Inc., a Delaware corporation ("Communications"), and certain subsidiaries of Communications, each a debtor and debtor-in-possession herein (collectively, the "Debtors"), in the above-captioned chapter 11 proceedings.

2. To the best of my knowledge, neither I, nor Blackstone nor any officer or director thereof, has any connection with the Debtors, any of the Debtors' subsidiaries or affiliates, any creditors of the Debtors, or any other party in interest in the Debtors' chapter 11 proceedings, or their

respective attorneys and accountants, that would conflict with the scope of Blackstone's retention or would create any interest adverse to the Debtors.

3. Blackstone is not a creditor, equity security holder or insider of the Debtors. Moreover, Blackstone has never been an investment banker for any outstanding debt security of the Debtors.

4. I have reviewed information provided to me by the Debtors that identifies the Debtors' twenty largest unsecured creditors, their major equity security holder, and their senior secured pre-petition lenders. Based upon this review, I have concluded that Blackstone has no conflicts of interest that would prevent its retention as financial advisor to the Debtors in these cases.

5. The Debtors have tens of thousands of creditors and shareholders and, accordingly, Blackstone may have rendered and may continue to render financial advisory and/or other professional services to certain of these creditors and shareholders. Blackstone has not represented and will not represent their separate interests in this matter. Blackstone does not represent any entity in connection with these cases nor does it believe that any relationship it may have with any of the Debtors' creditors or equity security holders will interfere with or impair Blackstone's representation of the Debtors' in these cases. Blackstone has also rendered services in matters unrelated to this matter in which Alvarez & Marsal has been retained as advisors.

6. To the best of my knowledge, neither I, nor Blackstone, nor any officer or director thereof, represents any interest adverse to the Debtors herein in the matters upon which the Debtors seek to retain Blackstone. I believe the firm to be a "disinterested person" within the meaning of section 101(14) of title 11, United States Code.

7. Pursuant to section 327 of title 11, United States Code, Blackstone will not represent, in the Debtors' chapter 11 proceedings, any other entity having an adverse interest in the matters upon which the Debtors seek to retain Blackstone.

8. The nature and extent of the services that Blackstone proposes to render to the Debtors are set forth in the engagement letter dated as of February 28, 1997 from Blackstone to MobileMedia, annexed hereto as Exhibit A (the "Engagement Letter"). Under the terms of the Engagement Letter, Blackstone proposes to:

(a) assist the Debtors in assessing operating and financial strategies;

(b) assist the Debtors and their other professionals in the preparation of a business plan and financial forecast;

(c) provide advisory services as to all financial matters concerning the Debtors' obligations under the Code relative to the prosecution of these chapter 11 cases;

(d) assist the Debtors and their other professionals in formulating and negotiating a plan of reorganization;

(e) advise the Debtors in connection with a possible transaction (a "Transaction") or series or combination of Transactions, involving, directly or indirectly, any transfer for consideration of: (i) the capital stock of MobileMedia (with certain exceptions thereto) or (ii) assets involving more than 35% of the business or assets of the Debtors';

(f) assist the Debtors in identifying potential buyers and investors who may have an interest in pursuing a Transaction with the Debtors;

(g) contact such interested parties as agreed to by the Debtors;

(h) develop, structure and negotiate Transaction proposals;

(i) testify in Bankruptcy Court in support of a Transaction; and

(k) render such other financial advisory and investment banking services as may be agreed upon by Blackstone and the Debtors in connection with the foregoing.

9. Blackstone commenced providing services to the Debtors on January 30, 1997. During the course of the Debtors' chapter 11 proceedings, Blackstone will continue to provide such services to the Debtors, and such other related services as are necessary and requested in order to assist the Debtors in confirming a plan of reorganization.

10. Blackstone has been engaged by the Debtors to be compensated under the terms of the Engagement Letter, to be fixed by the Court upon application therefor pursuant to §§ 330 and 331 of the Code and Bankruptcy Rule 2016. For the "Financial Advisory Services" (as defined in the Engagement Letter) provided by Blackstone, the Debtors have agreed to compensate Blackstone at the rate of $125,000.00 per month, commencing on January 30, 1997. For the Investment Banking Services (as defined in the Engagement Letter) to be provided by Blackstone, Blackstone is to be paid a transaction fee (which would be earned if the stock or a significant portion of the Debtors' assets were to be sold) equal to .6% of the Aggregate Consideration (as defined in the

Engagement Letter), less 60% of the total of all fees for Financial Advisory Services previously paid to Blackstone, provided, however, that the net advisory fees for any month shall be no less than $50,000. The Engagement Letter also provides that MobileMedia shall reimburse Blackstone for any and all reasonable out-of-pocket expenses reasonably incurred in connection with the services provided by Blackstone to the Debtors.

11. The Engagement Letter further provides that MobileMedia shall indemnify Blackstone for all liabilities incurred as a result of any services rendered by Blackstone under the Engagement Letter; provided, however, that MobileMedia shall not be responsible for any losses resulting primarily from Blackstone's bad faith, willful misconduct or negligence. MobileMedia's indemnity obligations are fully set forth in the Engagement Letter and in the Indemnity Agreement attached thereto.

12. No payments have been made to Blackstone or any employees of the firm for services to be rendered in connection with these chapter 11 cases. No agreement or understanding exists between me or my firm and other persons for the sharing of compensation to be received for services rendered to the Debtors

in connection with these chapter 11 cases.

I declare under penalty of perjury that the foregoing is true and correct. Executed on April 3, 1997.

Arthur B. Newman

Arthur B. Newman
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(212) 754-7372